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VILLAGE OF BARODA

FINANCIAL REPORT

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March 31, 2004

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Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF BARODA	County BERRIEN
Audit Date 3/31/04	Opinion Date 4/28/04	Date Accountant Report Submitted to State: 6/9/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Accounting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

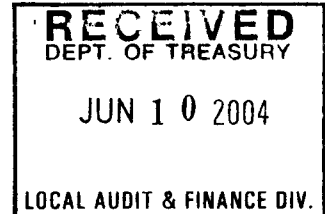
Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C. CPA'S			
Street Address 830 PLEASANT STREET P.O. BOX 44		City ST. JOSEPH	State MI
Accountant Signature <i>Robert P. Gerbel</i>		ZIP 49085	Date 6-9-04

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

April 28, 2004



Village Board
Village of Baroda
Baroda, Michigan

In connection with our audit of the books and records of the Village of Baroda for the year ending March 31, 2004, we offer the following comments and recommendations:

BUDGETING

1. The annual budget for the Village was not prepared in the required format. The Uniform Budgeting and Accounting Act, Section 15 (MCL 141.435) requires that the recommended budget include revenue, expenditure, and fund balance information for the prior fiscal year, estimated amounts for the current fiscal year, and proposed amounts for the ensuing fiscal year.

GENERAL

1. Upon reviewing employee time cards, it was noted that employees were not punching out at lunch. Employees should punch out when not on Village time. Also, employees should be punching their own time cards.
2. GASB No. 34 - "The New Financial Reporting Model" is required to be implemented by the Village for its fiscal year beginning April 1, 2004. At this time, it will be necessary to come up with a balance sheet on a full accrual method of accounting. This would include receivables, payables, and all fixed assets owned by the Village. We would encourage the Village to start inventorying their fixed assets at cost, at the time acquired or fair market value on the date donated. We will be available to assist you in this process.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the Village of Baroda and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

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VILLAGE OF BARODA

FINANCIAL REPORT

March 31, 2004

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Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

April 28, 2004

INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Baroda
Baroda, Michigan

We have audited the accompanying general-purpose financial statements of the Village of Baroda as of March 31, 2004, and for the year then ended. These general-purpose financial statements are the responsibility of the Village of Baroda's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Baroda as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gerbel & Company, P.C.

Right. On time.

VILLAGE OF BARODA
Combined Balance Sheet
All Fund Types, Account Groups, and Discretely Presented Component Units
March 31, 2004

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
ASSETS		
Cash in bank - NOTE 1 - E2	\$ 95,593	\$ 78,802
Petty cash	100	-
Taxes receivable	9,388	-
Billings receivable	-	-
Other receivable	-	-
Due from other funds	-	-
Assessments	-	-
Prepaid expenses	7,839	-
Due from other governmental units	-	-
Due from primary government	-	-
Restricted assets:		
Revenue bond interest	-	-
Customer meter deposits	-	-
Water system improvements	-	-
Land	-	-
Park improvements	-	-
Building and improvements	-	-
Machinery and equipment	-	-
Office equipment	-	-
Automotive equipment	-	-
Vehicles	-	-
Water supply system	-	-
Sanitary sewer system	-	-
Plant additions	-	-
Accumulated depreciation	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 112,920	\$ 78,802

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types <u>Enterprise</u>	<u>Account Group</u> General <u>Fixed Assets</u>	Total (Memorandum Only) Primary Government <u>March 31, 2004</u>
\$ 352,930	\$ -	\$ 527,325
-	-	100
-	-	9,388
11,539	-	11,539
-	-	-
-	-	-
17,759	-	17,759
-	-	7,839
-	-	-
-	-	-
21,599	-	21,599
2,150	-	2,150
5,124	-	5,124
81,110	145,045	226,155
-	203,855	203,855
-	129,082	129,082
56,048	154,713	210,761
-	8,044	8,044
-	83,903	83,903
4,500	-	4,500
718,054	-	718,054
1,179,727	-	1,179,727
1,105	-	1,105
(944,140)	-	(944,140)
<u>\$ 1,507,505</u>	<u>\$ 724,642</u>	<u>\$ 2,423,869</u>

VILLAGE OF BARODA
Combined Balance Sheet
All Fund Types, Account Groups, and Discretely Presented Component Units
March 31, 2004

ASSETS	Component Unit	Totals (Memorandum Only)	
		March 31, 2004	2003
Cash in bank - NOTE 1 - E2	\$ 165,389	\$ 692,714	\$ 602,481
Petty cash	-	100	285
Taxes receivable	-	9,388	11,616
Billings receivable	-	11,539	11,539
Other receivable	-	-	2,296
Due from other funds	-	-	8,000
Assessments	-	17,759	20,645
Prepaid expenses	-	7,839	10,135
Due from other governmental units	53,047	53,047	58,503
Due from primary government	20,000	20,000	40,000
Restricted assets:			
Revenue bond interest	-	21,599	29,503
Customer meter deposits	-	2,150	2,050
Water system improvements	-	5,124	5,105
Land	-	226,155	226,155
Park improvements	-	203,855	195,555
Building and improvements	-	129,082	129,082
Machinery and equipment	-	210,761	193,761
Office equipment	-	8,044	8,044
Automotive equipment	-	83,903	83,903
Vehicles	-	4,500	4,500
Water supply system	-	718,054	718,054
Sanitary sewer system	-	1,179,727	1,179,727
Plant additions	-	1,105	1,105
Accumulated depreciation	-	(944,140)	(890,730)
TOTAL ASSETS	\$ 238,436	\$ 2,662,305	\$ 2,651,314

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Combined Balance Sheet
All Fund Types, Account Groups, and Discretely Presented Component Units
March 31, 2004

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 4,100	\$ -
Due to other funds	-	-
Due to component unit	20,000	-
Interest payable	-	-
Bonds payable	-	-
Customer meter deposits	-	-
Wages payable	-	-
Payroll taxes	75	-
Accrued unemployment	4,144	-
Deferred revenue	-	-
	<u>-</u>	<u>-</u>
Total Liabilities	\$ 28,319	\$ -
Fund Equity:		
Investment in general fixed assets	\$ -	\$ -
Contributed capital	-	-
Retained earnings (deficit):		
Unreserved		
Fund balances:		
Unreserved:		
Designated	-	35,000
Undesignated	84,601	43,802
	<u>84,601</u>	<u>43,802</u>
Total Fund Equity	\$ 84,601	\$ 78,802
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 112,920</u>	<u>\$ 78,802</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types <u>Enterprise</u>	<u>Account Group</u> General <u>Fixed Assets</u>	Total (Memorandum Only) Primary Government <u>March 31, 2004</u>
\$ -	\$ -	\$ 4,100
-	-	-
-	-	20,000
2,500	-	2,500
415,000	-	415,000
2,150	-	2,150
-	-	-
-	-	75
-	-	4,144
-	-	-
<u>\$ 419,650</u>	<u>\$ -</u>	<u>\$ 447,969</u>
 \$ -	 \$ 724,642	 \$ 724,642
1,111,844	-	1,111,844
(23,989)	-	(23,989)
-	-	35,000
-	-	128,403
<u>\$ 1,087,855</u>	<u>\$ 724,642</u>	<u>\$ 1,975,900</u>
 <u>\$ 1,507,505</u>	 <u>\$ 724,642</u>	 <u>\$ 2,423,869</u>

VILLAGE OF BARODA
Combined Balance Sheet
All Fund Types, Account Groups, and Discretely Presented Component Units
March 31, 2004

LIABILITIES AND FUND EQUITY	Component Unit	Totals (Memorandum Only)	
		March 31,	
		2004	2003
Liabilities:			
Accounts payable	\$ -	\$ 4,100	\$ 4,100
Due to other funds	-	-	8,000
Due to component unit	-	20,000	41,081
Interest payable	-	2,500	2,500
Bonds payable	-	415,000	455,000
Customer meter deposits	-	2,150	2,050
Wages payable	-	-	996
Payroll taxes	-	75	1,068
Accrued unemployment	-	4,144	-
Deferred revenue	-	-	20,645
Total Liabilities	\$ -	\$ 447,969	\$ 535,440
Fund Equity:			
Investment in general fixed assets	\$ -	\$ 724,642	\$ 716,342
Contributed capital	-	1,111,844	1,103,074
Retained earnings:			
Unreserved	-	(23,989)	(93,196)
Fund balances:			
Unreserved:			
Designated	238,436	273,436	255,328
Undesignated	-	128,403	134,326
Total Fund Equity	\$ 238,436	\$ 2,214,336	\$ 2,115,874
TOTAL LIABILITIES AND FUND EQUITY	\$ 238,436	\$ 2,662,305	\$ 2,651,314

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types and Discretely Presented Component Units
Year Ended March 31, 2004

	<u>Governmental Fund Types</u>		Total (Memorandum Only) Primary Government March 31, 2004
	<u>General</u>	<u>Special Revenue</u>	
Revenues:			
Taxes	\$ 80,143	\$ -	\$ 80,143
Licenses and permits	5,512	-	5,512
State revenue sharing	86,578	60,905	147,483
Charges for services	1,580	-	1,580
Interest and rents	33,458	289	33,747
Contribution from component unit	-	15,000	15,000
Other	11,745	143	11,888
	<u>219,016</u>	<u>76,337</u>	<u>295,353</u>
Total Revenues	\$ 219,016	\$ 76,337	\$ 295,353
Expenditures:			
Legislative	\$ 9,452	\$ -	\$ 9,452
General government	146,272	3,717	149,989
Public safety	6,322	7,742	14,064
Public works	25,882	62,084	87,966
Recreation and cultural	14,505	-	14,505
Capital outlay	8,300	-	8,300
Debt service	2,000	-	2,000
	<u>212,733</u>	<u>73,543</u>	<u>286,276</u>
Total Expenditures	\$ 212,733	\$ 73,543	\$ 286,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,283	\$ 2,794	\$ 9,077
Other Financing Sources (Uses) :			
Operating transfers in	\$ -	\$ 27,446	\$ 27,446
Operating transfers out	(27,446)	-	(27,446)
	<u>(27,446)</u>	<u>27,446</u>	<u>-</u>
Total Other Financing Sources (Uses):	\$ (27,446)	\$ 27,446	\$ -
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	\$ (21,163)	\$ 30,240	\$ 9,077
Fund Balances - Beginning of Year	105,764	48,562	154,326
FUND BALANCES, END OF YEAR	<u>\$ 84,601</u>	<u>\$ 78,802</u>	<u>\$ 163,403</u>

The accompanying notes are an integral part of these financial statements.

Totals
(Memorandum Only)

Component	<u>March 31,</u>	
<u>Units</u>	<u>2004</u>	<u>2003</u>
\$ 82,559	\$ 162,702	\$ 171,004
-	5,512	1,729
-	147,483	173,169
-	1,580	1,200
2,647	36,394	28,135
-	15,000	20,000
-	11,888	2,224
<u>\$ 85,206</u>	<u>\$ 380,559</u>	<u>\$ 397,461</u>
 \$ -	 \$ 9,452	 \$ 5,490
3,498	153,487	121,099
-	14,064	12,315
-	87,966	79,059
-	14,505	9,494
78,600	86,900	200,714
-	2,000	3,000
<u>\$ 82,098</u>	<u>\$ 368,374</u>	<u>\$ 431,171</u>
 <u>\$ 3,108</u>	 <u>\$ 12,185</u>	 <u>\$ (33,710)</u>
 \$ -	 \$ 27,446	 \$ 38,682
-	(27,446)	(38,682)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 \$ 3,108	 \$ 12,185	 \$ (33,710)
<u>235,328</u>	<u>389,654</u>	<u>423,364</u>
<u>\$ 238,436</u>	<u>\$ 401,839</u>	<u>\$ 389,654</u>

VILLAGE OF BARODA
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - All Governmental Fund Types
Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 83,900	\$ 80,143	\$ (3,757)
Non-business licenses and permits	9,800	5,512	(4,288)
State revenue	65,000	86,578	21,578
Charges for services	1,000	1,580	580
Interest and rents	1,500	33,458	31,958
Contribution from component unit	50,000	-	(50,000)
Other revenue	74,200	11,745	(62,455)
Total Revenues	<u>\$ 285,400</u>	<u>\$ 219,016</u>	<u>\$ (66,384)</u>
Expenditures:			
Legislative	\$ 9,226	\$ 9,452	\$ (226)
General government	155,956	146,272	9,684
Public safety	14,567	6,322	8,245
Public works	40,255	25,882	14,373
Recreation and cultural	18,936	14,505	4,431
Capital outlay	69,500	8,300	61,200
Debt service	2,000	2,000	-
Total Expenditures	<u>\$ 310,440</u>	<u>\$ 212,733</u>	<u>\$ 97,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (25,040)</u>	<u>\$ 6,283</u>	<u>\$ 31,323</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	(30,554)	(27,446)	3,108
Total Other Financing Sources (Uses)	<u>\$ (30,554)</u>	<u>\$ (27,446)</u>	<u>\$ 3,108</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (55,594)</u>	<u>\$ (21,163)</u>	<u>\$ 34,431</u>
Fund Balances - Beginning of Year	<u>105,764</u>	<u>105,764</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 50,170</u>	<u>\$ 84,601</u>	<u>\$ 34,431</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
63,100	60,905	(2,195)
-	-	-
500	289	(211)
20,000	15,000	(5,000)
<u>1,100</u>	<u>143</u>	<u>(957)</u>
<u>\$ 84,700</u>	<u>\$ 76,337</u>	<u>\$ (8,363)</u>
\$ -	\$ -	\$ -
4,600	3,717	883
10,350	7,742	2,608
95,270	62,084	33,186
-	-	-
-	-	-
-	-	-
<u>\$ 110,220</u>	<u>\$ 73,543</u>	<u>\$ 36,677</u>
<u>\$ (25,520)</u>	<u>\$ 2,794</u>	<u>\$ 28,314</u>
\$ 30,554	\$ 27,446	\$ (3,108)
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 30,554</u>	<u>\$ 27,446</u>	<u>\$ (3,108)</u>
\$ 5,034	\$ 30,240	\$ 25,206
<u>48,562</u>	<u>48,562</u>	<u>-</u>
<u>\$ 53,596</u>	<u>\$ 78,802</u>	<u>\$ 25,206</u>

VILLAGE OF BARODA
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - All Proprietary Fund Types
Year Ended March 31, 2004

	Enterprise Funds
Operating Revenues:	
Property taxes	\$ 55,203
Metered sales	159,122
Tap installation fees	10,200
Hydrant rentals	9,400
Equipment rentals	17,736
Other	6,482
	<hr/>
Total Operating Revenues	\$ 258,143
Operating Expenses:	
Water purchased	\$ 40,591
Salaries and wages	36,708
Payroll taxes	2,801
Supplies	1,828
Professional services	6,342
Insurance	3,170
Utilities	1,523
Contractual services	5,011
Depreciation	53,411
Repair and maintenance	13,963
Equipment rental	6,959
Sampling	2,555
Miscellaneous	3,726
	<hr/>
Total Operating Expenses	\$ 178,588
Operating Income	\$ 79,555
Nonoperating Revenues (Expenses):	
Interest income	\$ 3,032
Interest expense	(25,255)
	<hr/>
Total Net Nonoperating Revenue (Expense)	\$ (22,223)
Net Income	\$ 57,332
Add: depreciation on assets acquired by grant funds	11,875
	<hr/>
Increase in Retained Earnings	\$ 69,207
Retained Earnings (Deficit), Beginning of Year	(93,196)
	<hr/>
RETAINED EARNINGS, END OF YEAR	\$ (23,989)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Combined Statement of Cash Flows
All Proprietary Fund Types
Year Ended March 31, 2004

Cash Flows From Operating Activities:	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating income	\$ 60,326	\$ 19,229	\$ 79,555
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	36,595	16,816	53,411
(Increase) decrease in:			
Due from other funds	-	8,000	8,000
Assessments	2,886	-	2,886
Increase (decrease) in:			
Meter deposits	-	100	100
Net Cash Provided by Operating Activities	<u>\$ 99,807</u>	<u>\$ 44,145</u>	<u>\$ 143,952</u>
Cash Flows From Investing Activities:			
Interest received on investments	\$ 2,677	\$ 355	\$ 3,032
Purchase of assets	(17,000)	-	(17,000)
Decrease in restricted cash	-	7,784	7,784
Net Cash Provided (Used) by Investing Activities	<u>\$ (14,323)</u>	<u>\$ 8,139</u>	<u>\$ (6,184)</u>
Cash Flows From Financing Activities:			
Interest and principal paid on long-term debt	<u>\$ (47,255)</u>	<u>\$ (18,000)</u>	<u>\$ (65,255)</u>
Net Cash Used by Financing Activities	<u>\$ (47,255)</u>	<u>\$ (18,000)</u>	<u>\$ (65,255)</u>
Net Increase in Cash	\$ 38,229	\$ 34,284	\$ 72,513
Cash at the Beginning of the Year	<u>213,843</u>	<u>66,574</u>	<u>280,417</u>
CASH AT THE END OF THE YEAR	<u>\$ 252,072</u>	<u>\$ 100,858</u>	<u>\$ 352,930</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Baroda are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Scope of Reporting Entity

In evaluating how to define the Village's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is considered a component unit of the Village.

Village of Baroda Downtown Development Authority

The members of the governing board of the Downtown Development Authority are appointed by the Village of Baroda. The Authority's operational budget, including its tax levy, is subject to the approval or modification by the Village Board. Also, surplus funds existing at termination of the Authority rest with the Village.

B. Basis of Presentation

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial transactions not accounted for in another fund. Revenues are derived primarily from property taxes, State distributions, grants, and other intergovernmental revenues. The General Fund accounts for the general operating expenditures of the Village not recorded elsewhere.

Special Revenue Fund - Special Revenue Funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Village of Baroda maintains Special Revenue Funds: Police Fund, Major Street Fund, and Local Street Fund.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

PROPRIETARY FUNDS

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

ACCOUNT GROUPS

General Fixed Assets - The General Fixed Asset Account Group is used to account for fixed assets used in a governmental fund type operation for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of the donation. No depreciation is recorded on general fixed assets.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and fiduciary funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available except for special assessment revenues, which are recognized when levied. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include most federal intergovernmental revenues (e.g. federal grants) and charges for services. Most state intergovernmental revenues (e.g. income taxes, sales taxes, Act 51 funds), licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources.

The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Proprietary funds are accounted for on the accrual basis of accounting.

D. Budgetary Data

Prior to an annual meeting, the President submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgetary Data - Continued

The budget is formally accepted in summary form at the annual budget meeting.

The Board of Trustees must approve any revisions to the budget whether it is a revision of budgeted amounts between departments within a fund or a revision that alters the total expenditures of any fund.

E. Assets, Liabilities, and Fund Equity

1. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) and the component unit which the Village is involved in are accounted for in the General Fixed Assets Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings are not capitalized along with other fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account group is not a "fund". The account group is concerned only with the measurement of financial position. The group is not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles and equipment	5-10 years
Sewer system and buildings	10-75 years

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities, and Fund Equity - Continued

2. Deposits and Investments

Deposits which include cash and certificates of deposit, are carried at cost. Deposits are at one bank in the name of Village of Baroda.

At March 31, 2004, the Township has deposits with a local bank. The carrying amounts are \$721,587 with the bank balance being \$735,471. The portion of deposits covered by federal depository insurance (FDIC) is shown below:

	Chemical Bank
	<u>Shoreline</u>
Insured (FDIC)	\$ 100,000
Uninsured and uncollateralized	<u>635,471</u>
Total Deposits	<u>\$ 735,471</u>

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Accounts Receivable

All accounts were deemed by management to be collectible; therefore, no allowance for doubtful accounts has been established.

H. Revenues, Expenditures, and Expenses

Property Taxes

Property taxes are assessed on December 31, and are billed and become a lien on July 1 of the following year. Real property taxes not collected by September 15 of each year are returned delinquent to the Berrien County Treasurer. Berrien County has a revolving fund that purchases the delinquent real taxes and special assessments from the local units in May of each year. Thus, all real property taxes and special assessments are realized within sixty days after the end of the Village's fiscal year and are attributed to that year.

The Village levied 7.8817 mills for general operations and 4.0000 mills for sewer debt retirement in 2003. Taxable value of real and personal property for the 2003 tax levy was \$12,374,514 at the full millage rate and \$2,852,688 of I.F.T. property taxed at fifty percent of the millage rate.

I. Risk Management

The Village carries commercial insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past fiscal year.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Total Column on Combined Statements - Overview

Total column on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Cash Flow Statement

For purposes of the Statement of Cash Flows, the Enterprise Funds consider all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

L. Encumbrances

Encumbrance accounting is used for the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Assets and Liabilities

1. Cash

Cash consisted of the following at March 31, 2004:

Unrestricted Funds:

Cash and checking accounts	\$ 692,714
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Restricted Funds:

Revenue bond interest	\$ 21,599
Water system improvements	5,124
Meter deposits	<u>2,150</u>

Total Restricted	\$ <u>28,873</u>
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Total Cash	\$ <u>721,587</u>
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VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. Assets and Liabilities - Continued

2. Changes in General Fixed Assets

	<u>Balance</u> <u>3/31/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/04</u>
Land and land improvements	\$ 145,045	\$ -	\$ -	\$ 145,045
Buildings and improvements	129,082	-	-	129,082
Park improvements	195,555	8,300	-	203,855
Machinery and equipment	154,713	-	-	154,713
Office equipment	8,044	-	-	8,044
Automotive equipment	83,903	-	-	83,903
	<u>\$ 716,342</u>	<u>\$ 8,300</u>	<u>\$ -</u>	<u>\$ 724,642</u>

3. Summary of Proprietary Fund Fixed Assets

Property, Plant, and Equipment	<u>Enterprise</u> \$ 2,040,544
Less accumulated depreciation	(944,140)
Net Property, Plant, and Equipment	<u>\$ 1,096,404</u>

NOTE 3 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Village operates two Enterprise Funds that provide sewer and water services. Segment information for the year ended March 31, 2004 was as follows:

	<u>Sewer</u> <u>Utility</u>	<u>Water</u> <u>Utility</u>	<u>Total</u>
Operating revenue	\$ 146,746	\$ 111,397	\$ 258,143
Operating income	60,326	19,229	79,555
Non-operating expense net	14,578	7,645	22,223
Net income	45,748	11,584	57,332
Land, buildings, and equipment:			
Depreciation expense	36,595	16,816	53,411
Net working capital	245,576	92,002	337,578
Long-term debt	235,000	140,000	375,000
Total assets	1,009,589	497,916	1,507,505
Total equity	744,589	343,266	1,087,855

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Public Act 621 of 1978: Section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2004, the Village incurred expenditures in excess of amounts appropriated in the following funds.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund:			
General Government	\$ 155,956	\$ 146,272	\$ 9,684
Capital Outlay	69,500	8,300	61,200
Police Fund:			
Public Safety	10,350	7,742	2,608
	<u>\$ 235,806</u>	<u>\$ 162,314</u>	<u>\$ 73,492</u>

NOTE 5 - RETAINED DEFICIT

There is a retained deficit in the Sewer Operating Fund.

NOTE 6 - SCHEDULE OF INDEBTEDNESS - BONDS PAYABLE (WATER ENTERPRISE FUND)

The County of Berrien issued revenue bonds in the amount of \$300,000 on October 2, 1979 for the purpose of assisting the Village in acquiring and constructing improvements to its water supply system. Schedule of outstanding bonds is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/2/79	\$ 300,000	5.00%	1/1/05	\$ 10,000	\$ 7,500
			1/1/06	10,000	7,000
			1/1/07	10,000	6,500
			1/1/08	10,000	6,000
			1/1/09	10,000	5,500
			1/1/10	10,000	5,000
			1/1/11	10,000	4,500
			1/1/12	10,000	4,000
			1/1/13	10,000	3,500
			1/1/14	10,000	3,000
			1/1/15	10,000	2,500
			1/1/16	10,000	2,000
			1/1/17	10,000	1,500
			1/1/18	10,000	1,000
			1/1/19	10,000	500
TOTAL WATER SYSTEM DEBT				<u>\$ 150,000</u>	<u>\$ 60,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 7 - SCHEDULE OF INDEBTEDNESS - BONDS PAYABLE (SEWER SYSTEM)

Berrien County Sanitary Sewage Disposal Refunding Bonds were issued by the County of Berrien October 1, 1992 for the purpose of refunding Berrien County Sewage Disposal System No. 18 Bonds (Prior Bonds) and paying the costs of issuing and refunding bonds. The County of Berrien called for redemption, on October 1, 1995, all outstanding maturities of the Prior Bond.

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/1/92	\$ 815,000	5.65%	10/1/04	\$ 30,000	\$ 15,545
		5.75%	10/1/05	35,000	13,650
		5.90%	10/1/06	35,000	11,559
		6.05%	10/1/07	35,000	9,415
		6.20%	10/1/08	40,000	7,070
		6.30%	10/1/09	40,000	4,530
		6.40%	10/1/10	40,000	1,950
		6.50%	10/1/11	10,000	325
TOTAL SEWER DEBT				<u>\$ 265,000</u>	<u>\$ 64,044</u>

NOTE 8 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building permits	\$ 1,979
Expenditures	
Building inspector	<u>1,979</u>
Revenues in Excess of Expenditures	<u>\$ -</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2004

NOTE 9 - PENSION PLAN

The Village participates in a defined contribution pension plan, which is deposited with Traveler's Insurance Co., and administered by J. W. Ryan, covering full-time employees. Employees who elect this plan contribute 6% of their gross earnings to the plan, which is matched by the Village. The Village currently has one full-time employee who is eligible.

The Village's pension cost for the fiscal year ending March 31, 2004 is \$2,296. The current year contribution was based on covered payroll of \$38,267.

NOTE 10 - NEW REPORTING STANDARD

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Village is required to implement this standard for the fiscal year March 31, 2005. The Village has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

INDEPENDENT ACCOUNTANT'S REPORT ON SUPPLEMENTARY FINANCIAL INFORMATION

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Village of Baroda. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and, in our opinion, such information is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Gerbel & Company, P.C.

St. Joseph, Michigan
April 28, 2004

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenue, Compared to Budget
For the Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
Property tax collections	\$ 83,000	\$ 79,273	\$ (3,727)
Trailer fees	900	870	(30)
Total Taxes	<u>\$ 83,900</u>	<u>\$ 80,143</u>	<u>\$ (3,757)</u>
Non-business licenses and permits	<u>\$ 9,800</u>	<u>\$ 5,512</u>	<u>\$ (4,288)</u>
State Revenue:			
State revenue sharing	<u>\$ 65,000</u>	<u>\$ 86,578</u>	<u>\$ 21,578</u>
Charges for Services:			
Graves	<u>\$ 1,000</u>	<u>\$ 1,580</u>	<u>\$ 580</u>
Interest and rents	<u>\$ 1,500</u>	<u>\$ 33,458</u>	<u>\$ 31,958</u>
Contribution from component unit	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>
Other	<u>\$ 74,200</u>	<u>\$ 11,745</u>	<u>\$ (62,455)</u>
TOTAL REVENUE	<u>\$ 285,400</u>	<u>\$ 219,016</u>	<u>\$ (66,384)</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Legislative:			
Trustees:			
Salaries	\$ 8,040	\$ 8,340	\$ (300)
Payroll taxes	616	638	(22)
Travel	70	66	4
Education	500	408	92
Total Legislative	<u>\$ 9,226</u>	<u>\$ 9,452</u>	<u>\$ (226)</u>
General Government:			
President:			
Salaries	\$ 4,000	\$ 5,200	\$ (1,200)
Payroll taxes	306	398	(92)
Travel	100	-	100
Total President	<u>\$ 4,406</u>	<u>\$ 5,598</u>	<u>\$ (1,192)</u>
Clerk:			
Salaries	\$ 16,900	\$ 16,869	\$ 31
Payroll taxes	1,300	1,291	9
Supplies	2,400	2,254	146
Education	500	464	36
Travel	775	739	36
Equipment	1,500	1,473	27
Miscellaneous	70	60	10
Total Clerk	<u>\$ 23,445</u>	<u>\$ 23,150</u>	<u>\$ 295</u>
Treasurer:			
Salaries	\$ 6,300	\$ 6,353	\$ (53)
Payroll taxes	485	486	(1)
Travel	150	73	77
Miscellaneous	610	440	170
Total Treasurer	<u>\$ 7,545</u>	<u>\$ 7,352</u>	<u>\$ 193</u>
Election:			
Salaries	\$ 600	\$ 541	\$ 59
Supplies	200	198	2
Total Election	<u>\$ 800</u>	<u>\$ 739</u>	<u>\$ 61</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government, continued:			
Administrative and Office:			
Professional services	\$ 29,500	\$ 23,170	\$ 6,330
Utilities	4,200	3,484	716
Internet services and website	1,200	1,128	72
Publishing	1,000	822	178
Insurance	41,000	40,398	602
Pension	3,000	3,000	-
Equipment rental	1,200	1,159	41
Miscellaneous	8,710	8,221	489
Total Administrative and Office	<u>\$ 89,810</u>	<u>\$ 81,382</u>	<u>\$ 8,428</u>
Buildings and Grounds:			
Salaries	\$ 15,000	\$ 14,249	\$ 751
Payroll taxes	1,150	1,089	61
Supplies	4,000	3,365	635
Utilities	4,800	4,377	423
Repairs and maintenance	5,000	4,971	29
Total Buildings and Grounds	<u>\$ 29,950</u>	<u>\$ 28,051</u>	<u>\$ 1,899</u>
Total General Government	<u>\$ 155,956</u>	<u>\$ 146,272</u>	<u>\$ 9,684</u>
Public Safety:			
Building inspector	\$ 3,040	\$ 1,979	\$ 1,061
Planning Commission			
Salaries	\$ 3,740	\$ 3,570	\$ 170
Payroll taxes	287	273	14
Legal fees	1,000	-	1,000
Miscellaneous	6,500	500	6,000
Total Planning Commission	<u>\$ 11,527</u>	<u>\$ 4,343</u>	<u>\$ 7,184</u>
Total Public Safety	<u>\$ 14,567</u>	<u>\$ 6,322</u>	<u>\$ 8,245</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works:			
Drains	\$ 100	\$ -	\$ 100
Fire hydrant rental	\$ 15,800	\$ 7,800	\$ 8,000
Highways and Streets:			
Salaries	\$ 2,000	\$ 1,286	\$ 714
Payroll taxes	155	98	57
Operating supplies	2,000	10	1,990
Street lights	15,200	12,897	2,303
Gas and oil	3,700	3,632	68
Equipment rental	200	76	124
Equipment repairs	1,000	52	948
Miscellaneous	100	31	69
Total Highways and Streets	\$ 24,355	\$ 18,082	\$ 6,273
Total Public Works	\$ 40,255	\$ 25,882	\$ 14,373
Recreation and Cultural:			
Parks and Recreation:			
Salaries	\$ 7,000	\$ 5,164	\$ 1,836
Payroll taxes	536	395	141
Operating supplies	300	53	247
Park repairs	2,000	536	1,464
Equipment rental	4,100	4,032	68
Utilities	900	215	685
Outside services	2,500	2,522	(22)
Miscellaneous	1,600	1,588	12
Total Recreation and Cultural	\$ 18,936	\$ 14,505	\$ 4,431
Capital Outlay	\$ 69,500	\$ 8,300	\$ 61,200
Debt Service	\$ 2,000	\$ 2,000	\$ -
TOTAL EXPENDITURES	<u>\$ 310,440</u>	<u>\$ 212,733</u>	<u>\$ 97,707</u>

VILLAGE OF BARODA
SPECIAL REVENUE FUNDS
Combining Balance Sheet
March 31, 2004

	<u>Police Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
ASSETS				
Cash in bank - NOTE 1 - E2	\$ 3,285	\$ 60,768	\$ 14,749	\$ 78,802
TOTAL ASSETS	<u>\$ 3,285</u>	<u>\$ 60,768</u>	<u>\$ 14,749</u>	<u>\$ 78,802</u>
FUND BALANCE				
Fund balances:				
Unreserved	\$ 3,285	\$ 60,768	\$ 14,749	\$ 78,802
Total Fund Balances	<u>\$ 3,285</u>	<u>\$ 60,768</u>	<u>\$ 14,749</u>	<u>\$ 78,802</u>
TOTAL FUND BALANCE	<u>\$ 3,285</u>	<u>\$ 60,768</u>	<u>\$ 14,749</u>	<u>\$ 78,802</u>

VILLAGE OF BARODA
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended March 31, 2004

	<u>Police Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
Revenues:				
State shared income	\$ 1,129	\$ 46,760	\$ 13,016	\$ 60,905
Interest and rents	9	224	56	289
Contribution from component unit	-	15,000	-	15,000
Other	-	-	143	143
	<u>-</u>	<u>-</u>	<u>143</u>	<u>143</u>
Total Revenues	<u>\$ 1,138</u>	<u>\$ 61,984</u>	<u>\$ 13,215</u>	<u>\$ 76,337</u>
Expenditures:				
General Government:				
Professional services	\$ 649	\$ 649	\$ 649	\$ 1,947
Insurance	-	885	885	1,770
	<u>-</u>	<u>885</u>	<u>885</u>	<u>1,770</u>
Total General Government	<u>\$ 649</u>	<u>\$ 1,534</u>	<u>\$ 1,534</u>	<u>\$ 3,717</u>
Public Safety:				
Contract services	<u>\$ 7,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,742</u>
Total Public Safety	<u>\$ 7,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,742</u>
Public Works:				
Routine Maintenance:				
Salaries	\$ -	\$ 6,593	\$ 5,527	\$ 12,120
Payroll taxes	-	504	423	927
Supplies	-	549	283	832
Equipment rental	-	16,104	12,928	29,032
Repair and maintenance	-	1,089	2,802	3,891
	<u>-</u>	<u>1,089</u>	<u>2,802</u>	<u>3,891</u>
Total Routine Maintenance	<u>\$ -</u>	<u>\$ 24,839</u>	<u>\$ 21,963</u>	<u>\$ 46,802</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended March 31, 2004**

	<u>Police Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
Public Works, continued:				
Winter Maintenance:				
Salaries	\$ -	\$ 2,201	\$ 2,201	\$ 4,402
Payroll taxes	-	168	168	336
Supplies	-	877	877	1,754
Equipment rental	-	4,395	4,395	8,790
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Winter Maintenance	\$ -	\$ 7,641	\$ 7,641	\$ 15,282
Total Public Works	\$ -	\$ 32,480	\$ 29,604	\$ 62,084
Total Expenditures	\$ 8,391	\$ 34,014	\$ 31,138	\$ 73,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (7,253)	\$ 27,970	\$ (17,923)	\$ 2,794
Other Financing Sources:				
Operating transfers in	\$ 8,446	\$ -	\$ 19,000	\$ 27,446
Revenues and Other Financing Sources Over Expenditures	\$ 1,193	\$ 27,970	\$ 1,077	\$ 30,240
Fund Balances, Beginning of Year	<u>2,092</u>	<u>32,798</u>	<u>13,672</u>	<u>48,562</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,285</u>	<u>\$ 60,768</u>	<u>\$ 14,749</u>	<u>\$ 78,802</u>

VILLAGE OF BARODA
COMPONENT UNITS
Balance Sheet
March 31, 2004

	<u>Downtown Development Authority</u>
ASSETS	
Cash - NOTE 1- E2	\$ 165,389
Due from other governmental units	53,047
Due from primary government	<u>20,000</u>
TOTAL ASSETS	<u>\$ 238,436</u>
FUND BALANCE	<u>\$ 238,436</u>
TOTAL FUND BALANCE	<u>\$ 238,436</u>

VILLAGE OF BARODA
COMPONENT UNITS
Statement of Revenues, Expenditures, and Changes in Fund Balance
March 31, 2004

	Downtown Development <u>Authority</u>
Revenues:	
Taxes	\$ 82,559
Interest	<u>2,647</u>
Total Revenues	\$ <u>85,206</u>
Expenditures:	
General government	\$ 3,498
Capital outlay	<u>78,600</u>
Total Expenditures	\$ <u>82,098</u>
Revenues Over Expenditures	\$ 3,108
Fund Balance, Beginning of Year	<u>235,328</u>
FUND BALANCE, END OF YEAR	<u>\$ 238,436</u>

**VILLAGE OF BARODA
COMPONENT UNITS
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
March 31, 2004**

	<u>Downtown Development Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 89,503	\$ 82,559	\$ (6,944)
Interest	<u>4,500</u>	<u>2,647</u>	<u>(1,853)</u>
Total Revenues	<u>\$ 94,003</u>	<u>\$ 85,206</u>	<u>\$ (8,797)</u>
Expenditures:			
General government	\$ 11,300	\$ 3,498	\$ 7,802
Capital outlay	<u>126,500</u>	<u>78,600</u>	<u>47,900</u>
Total Expenditures	<u>\$ 137,800</u>	<u>\$ 82,098</u>	<u>\$ 55,702</u>
Revenues Over (Under) Expenditures	<u>\$ (43,797)</u>	<u>\$ 3,108</u>	<u>\$ 46,905</u>
Fund Balance, Beginning of Year	<u>235,328</u>	<u>235,328</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 191,531</u>	<u>\$ 238,436</u>	<u>\$ 46,905</u>

**VILLAGE OF BARODA
ENTERPRISE FUNDS
Combining Balance Sheet
March 31, 2004**

ASSETS	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Current Assets:			
Cash in bank - NOTE 1- E2	\$ 252,072	\$ 100,858	\$ 352,930
Billings receivable	5,745	5,794	11,539
Assessments	<u>17,759</u>	<u>-</u>	<u>17,759</u>
Total Current Assets	<u>\$ 275,576</u>	<u>\$ 106,652</u>	<u>\$ 382,228</u>
Restricted Cash:			
Revenue bond interest cash savings	\$ -	\$ 21,599	\$ 21,599
Water system improvement	-	5,124	5,124
Meter deposits	<u>-</u>	<u>2,150</u>	<u>2,150</u>
Total Restricted Cash	<u>\$ -</u>	<u>\$ 28,873</u>	<u>\$ 28,873</u>
Property, Plant, and Equipment - NOTE 2 - A2:			
Land	\$ 81,110	\$ -	\$ 81,110
Machinery and equipment	56,048	-	56,048
Vehicles	-	4,500	4,500
Water supply system	-	718,054	718,054
Sanitary sewer system	1,179,727	-	1,179,727
Plant additions	1,105	-	1,105
Accumulated depreciation	<u>(583,977)</u>	<u>(360,163)</u>	<u>(944,140)</u>
Net Property, Plant, and Equipment	<u>\$ 734,013</u>	<u>\$ 362,391</u>	<u>\$ 1,096,404</u>
TOTAL ASSETS	<u>\$ 1,009,589</u>	<u>\$ 497,916</u>	<u>\$ 1,507,505</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Accrued interest payable	\$ -	\$ 2,500	\$ 2,500
Current portion of bonds payable	30,000	10,000	40,000
Customer meter deposits	<u>-</u>	<u>2,150</u>	<u>2,150</u>
Total Current Liabilities	<u>\$ 30,000</u>	<u>\$ 14,650</u>	<u>\$ 44,650</u>
Bonds payable, net of current portion- NOTES 6 and 7	<u>235,000</u>	<u>140,000</u>	<u>375,000</u>
Total Liabilities	<u>\$ 265,000</u>	<u>\$ 154,650</u>	<u>\$ 419,650</u>
Fund Equity:			
Contributed capital	\$ 1,111,844	\$ -	\$ 1,111,844
Retained earnings (deficit) - NOTE 5	<u>(367,255)</u>	<u>343,266</u>	<u>(23,989)</u>
Total Fund Equity	<u>\$ 744,589</u>	<u>\$ 343,266</u>	<u>\$ 1,087,855</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,009,589</u>	<u>\$ 497,916</u>	<u>\$ 1,507,505</u>

VILLAGE OF BARODA
ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses,
and Changes in Retained Earnings
For the Year Ended March 31, 2004

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Property taxes	\$ 55,203	\$ -	\$ 55,203
Metered sales	69,032	90,090	159,122
Tap installation fees	3,000	7,200	10,200
Hydrant rentals	-	9,400	9,400
Equipment rentals	13,259	4,477	17,736
Other	<u>6,252</u>	<u>230</u>	<u>6,482</u>
Total Operating Revenues	<u>\$ 146,746</u>	<u>\$ 111,397</u>	<u>\$ 258,143</u>
Operating Expenses:			
Water purchased	\$ -	\$ 40,591	\$ 40,591
Salaries and wages	28,332	8,376	36,708
Payroll taxes	2,160	641	2,801
Supplies	563	1,265	1,828
Professional services	3,743	2,599	6,342
Insurance	1,722	1,448	3,170
Utilities	1,378	145	1,523
Contractual services	417	4,594	5,011
Depreciation	36,595	16,816	53,411
Repair and maintenance	2,641	11,322	13,963
Equipment rental	5,214	1,745	6,959
Sampling	1,749	806	2,555
Miscellaneous	<u>1,906</u>	<u>1,820</u>	<u>3,726</u>
Total Operating Expenses	<u>\$ 86,420</u>	<u>\$ 92,168</u>	<u>\$ 178,588</u>
Operating Income	<u>\$ 60,326</u>	<u>\$ 19,229</u>	<u>\$ 79,555</u>
Nonoperating Revenue (Expense):			
Interest income	\$ 2,677	\$ 355	\$ 3,032
Interest expense	<u>(17,255)</u>	<u>(8,000)</u>	<u>(25,255)</u>
Total Net Nonoperating Expense	<u>\$ (14,578)</u>	<u>\$ (7,645)</u>	<u>\$ (22,223)</u>
Net Income	<u>\$ 45,748</u>	<u>\$ 11,584</u>	<u>\$ 57,332</u>
Add: depreciation on assets acquired by grant funds	<u>11,875</u>	<u>-</u>	<u>11,875</u>
Increase in Retained Earnings	<u>\$ 57,623</u>	<u>\$ 11,584</u>	<u>\$ 69,207</u>
Retained Earnings (Deficit), Beginning of Year	<u>(424,878)</u>	<u>331,682</u>	<u>(93,196)</u>
Retained Earnings (Deficit), End of Year	<u>\$ (367,255)</u>	<u>\$ 343,266</u>	<u>\$ (23,989)</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

April 28, 2004

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH **GOVERNMENT AUDITING STANDARDS**

To the Village Board
Village of Baroda
Baroda, Michigan

We have audited the financial statements of the Village of Baroda as of and for the year ended March 31, 2004, and have issued our report thereon dated April 28, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Baroda's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under **Government Auditing Standards**.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Baroda's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended for the information of the Village Board, management and federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Gerbel & Company, P.C.

Right. On time.